

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>Manistee County Blacker Airport Authority</b>	County <b>MANISTEE</b>
Audit Date <b>9/30/04</b>	Opinion Date <b>12/2/04</b>	Date Accountant Report Submitted to State: <b>3/31/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>WILSON WARD CPA FIRM</b>			
Street Address <b>PO BOX 205</b>	City <b>INTERLOCHEN</b>	State <b>MI</b>	ZIP <b>49643</b>
Accountant Signature <i>Wilson Ward CPA Firm</i>		Date <b>3/31/05</b>	

MANISTEE BLACKER AIRPORT AUTHORITY  
MANISTEE, MICHIGAN

Audit Report  
For Year Ended  
September 30, 2004

David E. Wilson, CPA, PC  
PO Box 205  
Interlochen, MI 49643  
(231) 276-7668

**MANISTEE BLACKER AIRPORT AUTHORITY**  
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For the Twelve Months Ended September 30, 2004

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## Financial Section

INDEPENDENT AUDITOR'S REPORT

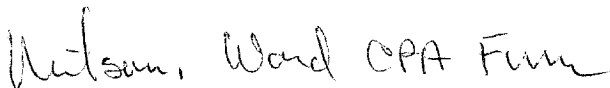
To the Manistee Blacker Airport Authority  
Manistee, Michigan

We have audited the accompanying general purpose financial statements of the Manistee Blacker Airport Authority, a blended component unit of Manistee County as of and for the year ended September 30, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Manistee Blacker Airport Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Manistee Blacker Airport Authority, as of September 30, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 2, 2004 on Manistee Blacker Airport Authority's internal control and compliance with laws and regulations.



Interlochen, MI  
December 2, 2004

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Manistee Blacker Airport Authority  
Manistee, Michigan

We have audited the general purpose financial statements of the Manistee Blacker Airport Authority, as of and for the year ended September 30, 2004 and have issued our report thereon dated December 2, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Manistee Blacker Airport Authority's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Manistee Blacker Airport Authority, in a separate letter dated December 2, 2004.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Manistee Blacker Airport Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management, others within the organization, the Authority's Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wilson, Ward CPA Firm*

Interlochen, MI  
December 2, 2004

**MANISTEE BLACKER AIRPORT AUTHORITY**  
**STATEMENT OF NET ASSETS**  
September 30, 2004

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash, investments and cash equivalents	\$11,935	\$0	\$11,935
Receivables (net)	22,407	0	22,407
Prepaid Expenditures	0		0
Internal balances	0	0	0
Inventories			0
Capital Assets, net	6,320,253	0	6,320,253
<b>Total Assets</b>	<b>6,354,595</b>	<b>0</b>	<b>6,354,595</b>
<b>LIABILITIES</b>			
Accounts payable	9,826	0	9,826
Prepaid Rent	1,125		1,125
Due to Other Agencies	0	0	0
Noncurrent liabilities (Note 2):			
Due within one year	6,437	0	6,437
Due in greater than one year	25,138	0	25,138
<b>Total Liabilities</b>	<b>42,526</b>	<b>0</b>	<b>42,526</b>
<b>NET ASSETS</b>			
Restricted for:			
Capital projects			0
Debt Service		0	0
Unrestricted (deficit)	6,312,069	0	6,312,069
<b>Total Net Assets</b>	<b>6,312,069</b>	<b>0</b>	<b>6,312,069</b>
<b>Total Liabilities and Net Assets</b>	<b>\$6,354,595</b>	<b>\$0</b>	<b>\$6,354,595</b>

The footnotes are an integral part of these financial statements

**MANISTEE BLACKER AIRPORT AUTHORITY**  
**STATEMENT OF CHANGES IN ACTIVITIES**

Year Ended September 30, 2004

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government						
	Governmental activities:					
	Airport					
	Other					
	\$253,800	\$73,271	\$89,757	(\$90,772)	\$0	(\$90,772)
	0			0		
	0			0		0
Total Governmental Activities	253,800	73,271	89,757	(90,772)	0	(90,772)
Business Type Activities						
Water and Sewer						
Total Primary Government						0
General revenues:						
Taxes						
				0		0
Property Taxes-general						
State-Shared Revenues				0		0
Miscellaneous				0		0
Transfers				0		0
Total General Revenues-Special Items and Transfers						
				0	0	0
Changes in Net Assets						
				(90,772)	0	(90,772)
Net Assets - Beginning						
				6,402,841		6,402,841
Net Assets - Ending						
				\$6,312,069	\$0	\$6,312,069

The footnotes are an integral part of these financial statements



**MANISTEE BLACKER AIRPORT AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**

September 30, 2004

	General Fund	Non Major Funds	Total
<b>ASSETS</b>			
Current Assets			
Cash	\$11,935	\$0	\$11,935
Accounts Receivable	22,407	0	22,407
Total Current Assets	34,342	0	34,342
 TOTAL ASSETS	 34,342	 0	 34,342
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	9,826	0	9,826
Due To County			
Prepaid Hanger Rent	1,000	0	1,000
Total Liabilities	10,826	0	10,826
Fund Balance-			
Fund Balance- Unrestricted	23,516	0	23,516
Total Fund Balance	23,516	0	23,516
 TOTAL LIABILITIES AND FUND BALANCE	 \$34,342	 \$0	 \$34,342

The footnotes are an integral part of these financial statements

**MANISTEE BLACKER AIRPORT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
Year Ended September 30, 2004

**REVENUE**

Rental and Landing Fees	\$66,234
Fuel Sales	6,437
Contributions from Governmental Units:	
Manistee County	70,210
State of Michigan (Advertising)	19,547
Miscellaneous	<u>600</u>
Total Revenue	<u>163,028</u>

**EXPENSE**

Personnel - Management	15,150
Personnel - Cost	64,259
Dues & Meetings	0
Supplies	998
Utilities	9,850
Repairs/Maint.	5,415
Professional Fees	3,503
Advertising	22,319
Telephone/Office	1,803
Insurance	15,596
Miscellaneous	10,375
Contracted Services	3,300
Payment on Long Term Debt	<u>6,437</u>
Total Expense	<u>159,005</u>
Net Revenue	4,023
Beginning Fund Balance	<u>19,368</u>
Ending Fund Balance	<u><u>\$23,391</u></u>

The footnotes are an integral part of these financial statements

**MANISTEE BLACKER AIRPORT AUTHORITY**  
Reconciliation of Statement of Revenues and  
Statement of Activities  
For the Twelve Months Ended September 30, 2004

Net Income (loss) Per Fund Income Statement		\$4,023
Add:		
Principal Payments	<u>6,437</u>	
Total Additions		6,437
Subtractions		
Depreciation	<u>101,232</u>	
Total Differences		<u>(94,795)</u>
Net Change in Activities		<u><u>(\$90,772)</u></u>

**MANISTEE BLACKER AIRPORT AUTHORITY**  
Reconciliation of Statement of  
Statement of Net Assets and Fund Balance  
As of September 30, 2004

Fund Balance	\$34,342
Add: Net Assets	6,320,253
Less: Long Term Debt	31,575
Accounts Payable	<u>10,951</u>
Net Assets	<u><u>\$6,312,069</u></u>

The footnotes are an integral part of these financial statements

**MANISTEE BLACKER AIRPORT AUTHORITY**  
**BUDGETED STATEMENT OF REVENUE AND EXPENDITURES**  
**GENERAL FUND**

Year Ended September 30, 2004

	Original Budget	Budget	Actual	Variance
<b>REVENUE</b>				
Rental and Landing Fees	64,090	\$64,090	\$66,234	\$2,144
Fuel Sales	8,500	8,500	6,437	(2,063)
Contributions from Governmental Units:				
Manistee County	70,210	70,210	70,210	0
State of Michigan (Advertising)	20,000	20,000	19,547	(453)
Miscellaneous	1,200	1,200	600	(600)
Total Revenue	164,000	164,000	163,028	(972)
<b>EXPENSE</b>				
Personnel - Management	15,150	15,150	15,150	0
- Cost	65,000	65,000	64,259	741
Dues & Meetings	500	500	0	500
Supplies	2,000	2,000	998	1,002
Utilities	10,500	10,500	9,850	650
Repairs/Maint./Fuel	5,600	5,600	5,415	185
Professional Fees	4,600	4,600	3,503	1,097
Advertising (See State reimbursement)	22,500	22,500	22,319	181
Telephone/Office	2,500	2,500	1,803	697
Insurance	15,500	15,500	15,596	(96)
Miscellaneous	9,650	9,650	10,375	(725)
Contracted Service	4,500	4,500	3,300	1,200
Notes Payable	6,000	6,000	6,437	(437)
Total Expense	164,000	164,000	159,005	4,995
Changes in Fund Balance	\$0	\$0	\$4,023	\$4,023

The footnotes are an integral part of these financial statements

## **Manistee Blacker Airport Authority Footnotes to Financial Statements**

The Manistee Blacker Airport Authority is a Michigan Corporation created pursuant to Act 206 of the Public Acts of 1957, as amended by Act 410 of the Public Acts of 1982 the "Airport Authority Act". The municipal corporations creating this Authority are the County of Manistee and City of Manistee. During the year ended December 31, 1988, the City and County of Manistee reached an agreement to have the control placed only with the County. However, the nature of the Airport Authority was to be maintained as an independent authority. During the year ended September 30, 2004 it was determined that in accordance with the criteria established by the County, the Airport is a blended component unit of the County for reporting purposes.

### **Summary of Significant Accounting Policies**

The criteria established for determining the various agencies and boards to be included in the Authority's general purpose financial statements depends on the extent such agencies and boards are a part of, controlled by or dependent on the Authority. The governmental accounting standards board has stated that the primary criterion used to determine the reporting entity "is the ability to exercise oversight responsibility over such agencies by the governmental unit's elected officials."

Based on the independent financial nature of the Authority, the method of the selection of the governing authority and the overall authority of that agency, no agencies outside the Authority were considered for inclusion in this report.

The basis of presentation for the financial activities of the Authority are as recorded in the governmental fund. The General Fund is a self balancing, budgeted, operating fund which controls all expenditures of the Authority and is used for reporting all financial transactions. The emphasis of this fund is on expendables and focuses on the determination of changes in financial position rather than income determination.

The General Fund of the Authority currently uses the modified accrual basis of accounting. Under this method, revenues are recognized only when received in cash except those easily recognized and recorded as receivables, particularly when such transactions are reimbursements for previously expended funds.

The Government-wide statements, Statement of Net Assets and Statement of Changes in Activities are presented on a full accrual basis. Under the method, revenues are recognized when earned and expenses when they are owed.

The Authority operates on an annual appropriated budget. However, this also requires that funds are not expended beyond the appropriated limits and that any transfers within the fund be formally approved by the Board.

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The Authority does not maintain an inventory.

## Financial Control of Funds

### Investments

Act 217, PA 1982, as amended authorizes the Authority to deposit and invest in the following:

- a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
- c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- d) Repurchase agreements consisting of instruments listed in subdivision (a).
- e) Bankers' acceptances of United States banks.
- f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
- g) Mutual funds registered under the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 USC 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:
  - i) The purchase of securities on a when-issued or delayed delivery basis.
  - ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
  - iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- h) Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967.
- i) Investment pools organized under the surplus funds investment pool act, 1982 PA 367.
- j) The investment pools organized under the local government investment pool act, 1985 PA 121.

### Cash and Cash Equivalents

Cash equivalents include all items which will mature within 60 days of the statement date. As of year end, no such cash equivalents were present. The cash deficit present at year end is as follows:

	Insured, not Collateralized	Bank Balance
Checking	\$11,935	\$ 21,026
Total	\$11,935	\$ 21,026

This cash is a part of the central cash fund of Manistee County.

### **Contingent Liabilities**

Authority officials are not aware of any contingent liabilities.

### **Expenditures of Budget**

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Authority's actual expenditures and budget expenditures for the budgetary fund have been shown on a functional basis. The approved budgets of the Authority for these budgetary funds were adopted to the fund level.

Disclosure of any amounts which have an excess expenditure over budget at year end is required. As such, all material accounts which were overexpended for the year end are listed below.

	Total Appropriations	Total Expenditures	Budget Variance
Miscellaneous	\$ 9,650	\$ 10,375	\$725

#### **Pension Plans**

There are no pension plans as there are no employees of the Manistee Blacker Airport Authority.

#### **Compensated Absences**

There are no vacation or sick pay provisions for compensated absences.

#### **Construction and Capital Outlay**

There was no major construction completed at Manistee Blacker Airport during the year. The only significant expenditures, building improvements, were recorded as fixed assets in the Authority.

#### **Fixed Assets and Accumulated Depreciation**

Assets	Beginning	Additions	Subtractions	End
Land	\$ 800,000	0	0	\$ 800,000
Runways, taxiways & ramps	5,350,000	0	0	5,350,000
Buildings and Improvements	254,255	0	0	254,255
Airport Equipment	146,750	0	0	146,750
Vehicles and Equipment	<u>376,500</u>	<u>0</u>	<u>0</u>	<u>376,500</u>
Total	6,975,505	0	0	6,975,505

#### **Depreciation**

Runways, taxiways & ramps	115,917	\$ 80,250	0	196,167
Buildings and Improvements	129,153	5,329	0	134,482
Airport Equipment	80,450	5,153	0	85,603
Vehicles and Equipment	<u>228,500</u>	<u>10,500</u>	<u>0</u>	<u>239,000</u>
Total Accum. Deprec.	<u>\$ 554,020</u>	<u>\$101,232</u>	<u>0</u>	<u>\$ 655,252</u>

#### **Use of Estimates**

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.